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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH

UNITED STATES OF AMERICA,

Plaintiff,

vs.

PHYLLIP HALLMAN HEATON,

Defendant.

INDICTMENT

Counts 1-5: 26 U.S.C. § 7201, Evasion of
Assessment of Income Tax

Counts 6-10: 26 U.S.C. § 7206(1), Fraud
and False Statements

Case: 4:24-cr-00084
Assigned To : Allen, Ann Marie McIlff
Assign. Date : 10/8/2024
Description: USA v.

The Grand Jury Charges:

Background

At all times relevant to this Indictment:

1. Defendant PHYLLIP HEATON was a resident of Washington County, Utah.
2. Zion Outfitter was a Utah limited liability company.
3. HEATON solely owned Zion Outfitter. He and his wife were the signers on

the company's State Bank of Southern Utah checking account ending in 8896.

Count 1
26 U.S.C. § 7201
(Evasion of Assessment of Income Tax)

4. The factual allegations set forth in paragraphs 1 through 3 of this Indictment are incorporated herein by reference and realleged as though fully set forth herein.

5. Beginning at least in or about April 2018 and continuing through at least April 2019, in the District of Utah,

PHYLLIP HEATON,

defendant herein, did willfully attempt to evade and defeat the assessment of a substantial part of the personal income tax due and owing by himself to the United States of America for the tax year 2018, by committing and causing to be committed affirmative acts of evasion, among others: defendant provided his tax-return preparers with a profit and loss statement that underreported Zion Outfitter's gross receipts or sales for 2018, falsely represented to his tax preparers that the profit and loss statement was accurate, signed and authorized the filing of a tax return with the IRS that he knew was false, and structured cash deposits into Zion Outfitter's State Bank of Southern Utah checking account ending in 8896, all in violation of Title 26, United States Code, Section 7201.

Count 2
26 U.S.C. § 7201
(Evasion of Assessment of Income Tax)

6. The factual allegations set forth in paragraphs 1 through 3 of this Indictment are incorporated herein by reference and realleged as though fully set forth herein.

7. Beginning at least in or about June 2019 and continuing through at least April 2020, in the District of Utah,

PHYLLIP HEATON,

defendant herein, did willfully attempt to evade and defeat the assessment of a substantial part of the personal income tax due and owing by himself to the United States of America for the tax year 2019, by committing and causing to be committed affirmative acts of evasion, among others: defendant provided his tax-return preparers with a profit and loss statement that underreported Zion Outfitter's gross receipts or sales for 2019, falsely represented to his tax preparers that the profit and loss statement was accurate, signed and authorized the filing of a tax return with the IRS that he knew was false, and structured cash deposits into Zion Outfitter's State Bank of Southern Utah checking account ending in 8896, all in violation of Title 26, United States Code, Section 7201.

Count 3
26 U.S.C. § 7201
(Evasion of Assessment of Income Tax)

8. The factual allegations set forth in paragraphs 1 through 3 of this Indictment are incorporated herein by reference and realleged as though fully set forth herein.

9. Beginning at least in or about June 2020 and continuing through at least April 2021, in the District of Utah,

PHYLLIP HEATON,

defendant herein, did willfully attempt to evade and defeat the assessment of a substantial part of the personal income tax due and owing by himself to the United States of America for the tax year 2020, by committing and causing to be committed affirmative acts of evasion, among others: defendant provided his tax-return preparers with a profit and loss statement that underreported Zion Outfitter's gross receipts or sales for 2020, falsely represented to his tax preparers that the profit and loss statement was accurate, signed and authorized the filing of a tax return with the IRS that he knew was false, and structured cash deposits into Zion Outfitter's State Bank of Southern Utah checking account ending in 8896, all in violation of Title 26, United States Code, Section 7201.

Count 4
26 U.S.C. § 7201
(Evasion of Assessment of Income Tax)

10. The factual allegations set forth in paragraphs 1 through 3 of this Indictment are incorporated herein by reference and realleged as though fully set forth herein.

11. Beginning at least in or about April 2021 and continuing through at least April 2022, in the District of Utah,

PHYLLIP HEATON,

defendant herein, did willfully attempt to evade and defeat the assessment of a substantial part of the personal income tax due and owing by himself to the United States of America for the tax year 2021, by committing and causing to be committed affirmative acts of evasion, among others: defendant provided his tax-return preparers with a profit and loss statement that underreported Zion Outfitter's gross receipts or sales for 2021, falsely represented to his tax preparers that the profit and loss statement was accurate, signed and authorized the filing of a tax return with the IRS that he knew was false, and structured cash deposits into Zion Outfitter's State Bank of Southern Utah checking account ending in 8896, all in violation of Title 26, United States Code, Section 7201.

Count 5
26 U.S.C. § 7201
(Evasion of Assessment of Income Tax)

12. The factual allegations set forth in paragraphs 1 through 3 of this Indictment are incorporated herein by reference and realleged as though fully set forth herein.

13. Beginning at least in or about July 2022 and continuing through at least April 2023, in the District of Utah,

PHYLLIP HEATON,

defendant herein, did willfully attempt to evade and defeat the assessment of a substantial part of the personal income tax due and owing by himself to the United States of America for the tax year 2022, by committing and causing to be committed affirmative acts of evasion, among others: defendant provided his tax-return preparers with a profit and loss statement that underreported Zion Outfitter's gross receipts or sales for 2022, falsely represented to his tax preparers that the profit and loss statement was accurate, signed and authorized the filing of a tax return with the IRS that he knew was false, and structured cash deposits into Zion Outfitter's State Bank of Southern Utah checking account ending in 8896, all in violation of Title 26, United States Code, Section 7201.

Count 6
26 U.S.C. § 7206(1)
(Fraud and False Statements)

14. The factual allegations set forth in paragraphs 1 through 3 of this Indictment are incorporated herein by reference and realleged as though fully set forth herein.

15. On or about April 15, 2019, in the District of Utah,

PHYLLIP HEATON,

defendant herein, did willfully make and subscribe a 2018 Form 1120-S U.S. Income Tax Return for an S Corporation, which was verified by a written declaration that it was made under penalties of perjury and which defendant did not believe to be true and correct as to every material matter. That 2018 Form 1120-S U.S. Income Tax Return for an S Corporation, which was filed with the Internal Revenue Service, stated that Zion Outfitter's 2018 gross receipts or sales were \$3,902,789, when, in fact, Zion Outfitter's 2018 gross receipts or sales were at least \$4,887,472.57, in violation of Title 26, United States Code, Section 7206(1).

Count 7
26 U.S.C. § 7206(1)
(Fraud and False Statements)

16. The factual allegations set forth in paragraphs 1 through 3 of this Indictment are incorporated herein by reference and realleged as though fully set forth herein.

17. On or about March 27, 2020, in the District of Utah and elsewhere,

PHYLLIP HEATON,

defendant herein, did willfully make and subscribe a 2019 Form 1120-S U.S. Income Tax Return for an S Corporation, which was verified by a written declaration that it was made under penalties of perjury and which defendant did not believe to be true and correct as to every material matter. That 2019 Form 1120-S U.S. Income Tax Return for an S Corporation, which was filed with the Internal Revenue Service, stated that Zion Outfitter's 2019 gross receipts or sales were \$3,810,550, when, in fact, Zion Outfitter's 2019 gross receipts or sales were at least \$4,425,537.45, in violation of Title 26, United States Code, Section 7206(1).

Count 8
26 U.S.C. § 7206(1)
(Fraud and False Statements)

18. The factual allegations set forth in paragraphs 1 through 3 of this Indictment are incorporated herein by reference and realleged as though fully set forth herein.

19. On or about April 7, 2021, in the District of Utah and elsewhere,

PHYLLIP HEATON,

defendant herein, did willfully make and subscribe a 2020 Form 1120-S U.S. Income Tax Return for an S Corporation, which was verified by a written declaration that it was made under penalties of perjury and which defendant did not believe to be true and correct as to every material matter. That 2020 Form 1120-S U.S. Income Tax Return for an S Corporation, which was filed with the Internal Revenue Service, stated that Zion Outfitter's 2020 gross receipts or sales were \$4,773,649, when, in fact, Zion Outfitter's 2020 gross receipts or sales were at least \$5,706,180.25, in violation of Title 26, United States Code, Section 7206(1).

Count 9
26 U.S.C. § 7206(1)
(Fraud and False Statements)

20. The factual allegations set forth in paragraphs 1 through 3 of this Indictment are incorporated herein by reference and realleged as though fully set forth herein.

21. On or about April 12, 2022, in the District of Utah and elsewhere,

PHYLLIP HEATON,

defendant herein, did willfully make and subscribe a 2021 Form 1120-S U.S. Income Tax Return for an S Corporation, which was verified by a written declaration that it was made under penalties of perjury and which defendant did not believe to be true and correct as to every material matter. That 2021 Form 1120-S U.S. Income Tax Return for an S Corporation, which was filed with the Internal Revenue Service, stated that Zion Outfitter's 2021 gross receipts or sales were \$10,279,367, when, in fact, Zion Outfitter's 2021 gross receipts or sales were at least \$12,199,461.26, in violation of Title 26, United States Code, Section 7206(1).

Count 10
26 U.S.C. § 7206(1)
(Fraud and False Statements)

22. The factual allegations set forth in paragraphs 1 through 3 of this Indictment are incorporated herein by reference and realleged as though fully set forth herein.

23. On or about March 15, 2023, in the District of Utah and elsewhere,

PHYLLIP HEATON,

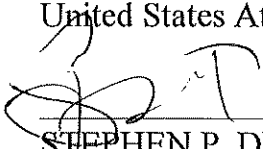
defendant herein, did willfully make and subscribe a 2022 Form 1120-S U.S. Income Tax Return for an S Corporation, which was verified by a written declaration that it was made under penalties of perjury and which defendant did not believe to be true and correct as to every material matter. That 2022 Form 1120-S U.S. Income Tax Return for an S Corporation, which was filed with the Internal Revenue Service, stated that Zion Outfitter's 2022 gross receipts or sales were \$9,357,843, when, in fact, Zion Outfitter's 2022 gross receipts or sales were at least \$10,325,693.74, in violation of Title 26, United States Code, Section 7206(1).

A TRUE BILL:

/s/

FOREPERSON OF GRAND JURY

TRINA A. HIGGINS
United States Attorney



STEPHEN P. DENT
Assistant United States Attorney